

Innovative Finance

**Urban Construction Initiative
Annual Meeting
July 2012**



***Necessity is the mother
of invention.***

Innovative Financing

New South Norfolk Jordan Bridge: 100% Private



Improved Dominion Boulevard: 100% Public

Jordan Bridge 2008 – Structurally Deficient

- Before its decommissioning in November 2008, the Jordan Bridge operated for 80 years
- In its final year, it was restricted to the lowest legal load rating of 3 tons
- Bridge deck and substructure ratings were 3 (serious condition) and 4 (poor condition), respectively



Corroded gusset plate – truss span

New South Norfolk Jordan Bridge

Owner: Figg Bridge Developers

Project Cost: \$140 million

Projected Opening: August 2012



New South Norfolk Jordan Bridge – Scope of Work

- Build 5,375-foot-long bridge with two 12-ft-wide lanes, two 8-ft-wide shoulders and an 8-ft-wide pedestrian sidewalk separated with concrete barrier
- Provide improved navigational clearances of 145 feet vertically and 270 feet horizontally
- Fully electronic tolling system using E-ZPass



New South Norfolk Jordan Bridge - Financing



- January 27, 2009 – Chesapeake City Council approves plans submitted by private sector business Figg Bridge Builders for new Jordan Bridge
- Chesapeake sold all necessary land and decommissioned bridge to Figg and granted temporary access easements for removal and replacement of Jordan Bridge
- Figg Bridge Builders takes complete ownership of bridge and assumes all costs of replacement and maintenance

No City, State or Federal funds used to design, build, operate, maintain or finance new bridge.


New South Norfolk Jordan Bridge - Tolls

- Toll schedule set by Figg Bridge Builders
- Three payment options: E-ZPass, Pay by Plate program and video license plate recognition
- Vehicles with more than 2 axles will be charged for traveling during Commuting Hours (5:30-9a.m. and 2:30-7p.m.)
- Bridge Benefits program will reward participating bridge users with perks, discounts and special offers from local retailers, restaurants, attractions and more

Tolls During Regular Hours

VEHICLE TYPE			UNREGISTERED VEHICLE
Passenger Vehicles (2 axles)	\$2.00	\$3.00	\$4.00
3 axles	\$3.00	\$4.00	\$5.00
4 axles	\$4.00	\$5.00	\$6.00
5 or more axles	\$5.00	\$6.00	\$7.00

Tolls During Commuting Hours

VEHICLE TYPE			UNREGISTERED VEHICLE
Passenger Vehicles (2 axles)	\$2.00	\$3.00	\$4.00
3 axles	\$5.00	\$6.00	\$7.00
4 axles	\$6.00	\$7.00	\$8.00
5 or more axles	\$7.00	\$8.00	\$9.00

Commuting Hours are 5:30 - 9:00 am / 2:30 - 7:00 pm, Monday through Friday. During Commuting Hours, vehicles with 3 or more axles are subject to a \$2.00 surcharge which is reflected in the pricing schedule above.

Steel Bridge 2012 – Functionally Obsolete

- In 1990, traffic count was just 18,000 vehicles. Today, it hits 33,000 vehicles per day
- With over 6,000 bridge lifts annually at an average of 10 minutes per lift, the bridge is closed to road traffic for 42 days each year
- Received highest ranking for project utility of 153 candidate projects evaluated by the Hampton Roads Transportation Planning Organization



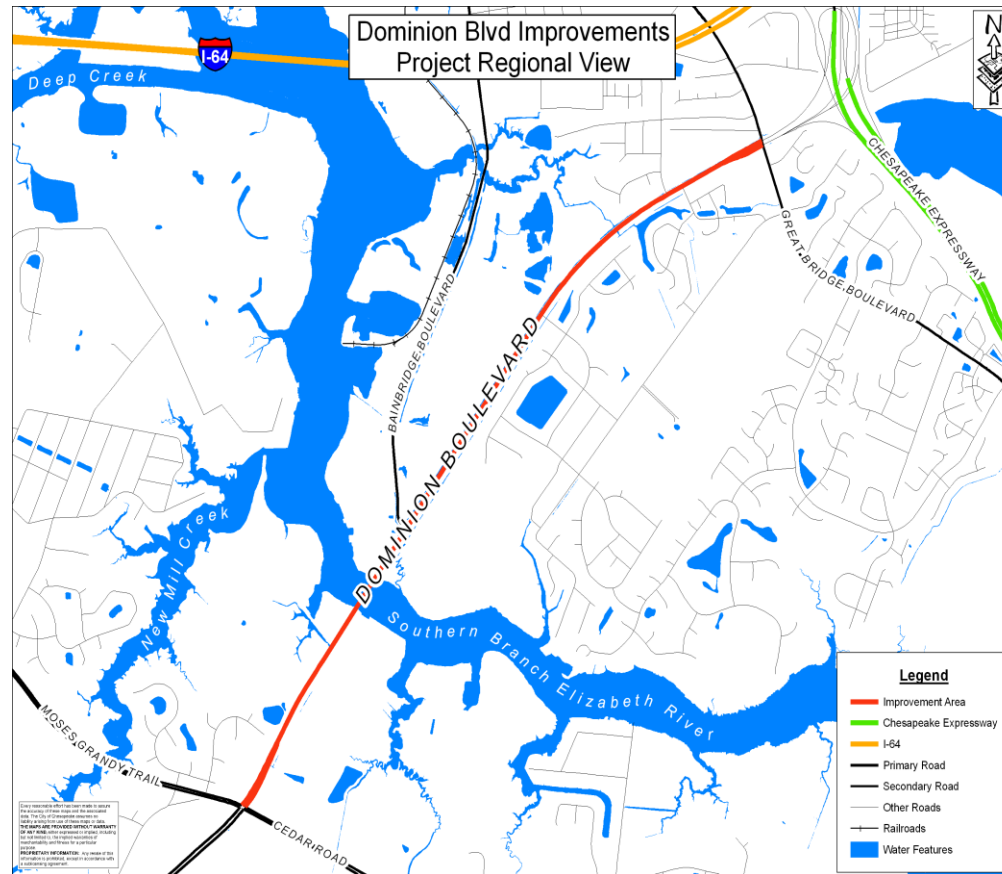
Traffic backs up at Steel Bridge

Dominion Boulevard Improvements

Owner: City of Chesapeake

Project Cost: \$412 million

Construction Timeline: January 2013 – Early 2017



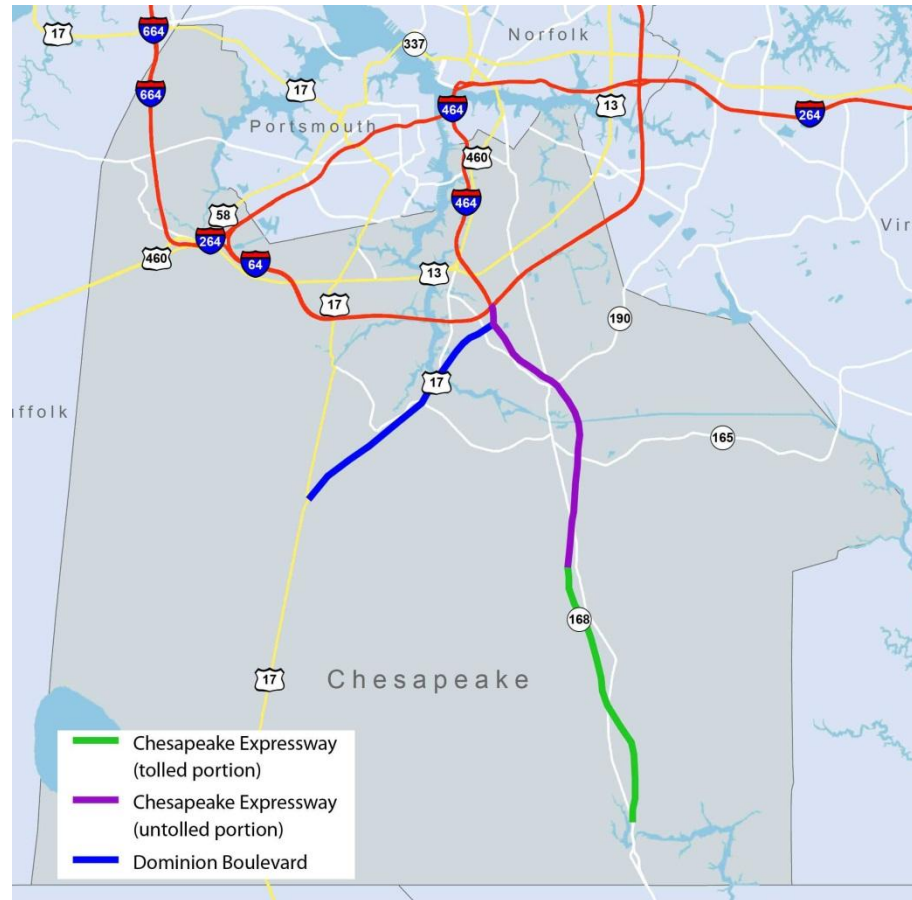
Dominion Boulevard Improvements – Scope of Work

- Roadway widening from 2 to 4 lanes from Cedar Rd. to Great Bridge Blvd.
- Replacement of the 2-lane drawbridge with a 4-lane, fixed-span, high-rise bridge
- Interchanges at Cedar Rd., Bainbridge Blvd., and Great Bridge Blvd.
- Fully automated toll collection system using E-ZPass



Chesapeake Transportation System

Improved Dominion Blvd. + Chesapeake Expressway =
Chesapeake Transportation System (CTS)



10+ years of good bond ratings with Chesapeake Expressway helped bond ratings for CTS

Dominion Boulevard Improvements – Financing

Preliminary Sources and Uses of Funds

SOURCES OF FUNDS	
(\$, in thousands)	
Senior Toll Revenue Bonds – Tax-exempt Current Interest Bonds	131,780.0
Senior Toll Revenue Bonds – Tax-exempt Capital Appreciation Bonds	<u>96,097.7</u>
Total Senior Bond Proceeds	227,877.7
 VTIB Loan	151,893.5
Previously Allocated Funds for Dominion Blvd Project	55,803.0
Regional Surface Transportation Program (RSTP) Funds	25,179.1
Reallocated Funds from Mt. Pleasant Widening	4,823.0
Construction fund interest earnings	<u>2,623.9</u>
Total Sources	468,200.2
USES OF FUNDS	
(\$, in thousands)	
Total Project Costs	411,730.9
Toll Revenue Bonds Capitalized Interest (net deposit)	30,681.7
Toll Revenue Bonds Debt Service Reserve Fund	22,787.8
Underwriters' Discount	1,499.8
Other Costs of Issuance	<u>1,500.0</u>
Total Uses	468,200.2

Need for Financial Assistance

- The Project will be financed with revenue bonds payable from tolls collected on the Chesapeake Transportation System, consisting of the Project and the existing Chesapeake Expressway.
- Projected revenues do not provide sufficient debt service coverage to achieve investment-grade credit ratings, and therefore affordable interest rates, on the full amount of debt necessary to fund the capital costs of the Project.
- The City has sought, but not received, financial assistance from the federal TIGER and TIFIA programs on multiple occasions in 2009, 2010 and 2011.
- Financial assistance from the Virginia Transportation Infrastructure Bank, in the form requested in the City's Application dated December 2, 2011, will allow the project to proceed with financing and construction.

Dominion Boulevard Improvements – VTIB Loan

Subordinate Lien Virginia Transportation Infrastructure Bank Bonds

- Awarded on January 18, 2012 - Chesapeake was first entity awarded a VTIB loan
- \$151,893,945 at 3.33% interest rate
- Structured for senior plus subordinate lien coverage of 1.3x by pledged revenues
- Covenant to pay principal and interest on an annual basis starting within 5 years after construction completion
- Principal repayment is flexible with final maturity 35 years from construction completion and full repayment forecast within 27 years
- Senior to the outstanding VDOT TFRA, City Contribution, and Urban Allocation loans for the Chesapeake Expressway

Dominion Boulevard Improvements - Tolls

- A 2010 traffic and revenue study established a theoretical toll of \$2.30 which has been reduced by:
 - Deferring projects and re-directing funds to Dominion Boulevard
 - Securing low-interest VTIB loan
 - Securing \$55 million in grant funds
- Because of those efforts, a toll rate of \$1 for 2-axle E-ZPass users has been proposed
- Tolls will increase 5% each year
- Non E-ZPass rate will be \$2 higher and collected by Video/License Plate Recognition



FY Ending <u>6/30</u>	<u>E-ZPass Rate</u>		<u>Non-E-ZPass Rate</u>	
	Two <u>Axles</u>	Each Additional <u>Axle</u>	Two <u>Axles</u>	Each Additional <u>Axle</u>
2017	\$1.00	\$0.50	\$3.00	\$0.50
2018	\$1.05	\$0.53	\$3.05	\$0.53
2019	\$1.10	\$0.55	\$3.10	\$0.55
2020	\$1.16	\$0.58	\$3.16	\$0.58
2021	\$1.22	\$0.61	\$3.22	\$0.61
2022	\$1.28	\$0.64	\$3.28	\$0.64
2023	\$1.34	\$0.67	\$3.34	\$0.67
2024	\$1.41	\$0.70	\$3.41	\$0.70
2025	\$1.48	\$0.74	\$3.48	\$0.74
2026	\$1.55	\$0.78	\$3.55	\$0.78
2027	\$1.63	\$0.81	\$3.63	\$0.81
2028	\$1.71	\$0.86	\$3.71	\$0.86
2029	\$1.80	\$0.90	\$3.80	\$0.90
2030	\$1.89	\$0.94	\$3.89	\$0.94
2031	\$1.98	\$0.99	\$3.98	\$0.99
2032	\$2.08	\$1.04	\$4.08	\$1.04
2033	\$2.18	\$1.09	\$4.18	\$1.09
2034	\$2.29	\$1.15	\$4.29	\$1.15
2035	\$2.41	\$1.20	\$4.41	\$1.20

Chesapeake VIRGINIA

Department of Public Works

